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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 23-81

WASHINGTON, June 10--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In CHINA, dry winds and hot weather during April and May once again caused stress on the winter wheat crop in the major wheat-growing provinces of the north. However, recent rains have increased soil moisture and improved growing conditions for spring planted crops. This is the same area that experienced a severe drought during the summer of 1980. Last year's total wheat harvest was 54.2 million tons, which was preceded by a record 62.7-million-ton harvest in 1979.

Although wheat production is again expected to fall below the 1979 record, wheat imports during July-June 1981/82 will depend upon a variety of factors, including the outcome of the rice and coarse grain harvests and the balance of payments situation and credit availability. Nevertheless, China's import needs are expected to remain high. Total grain imports for 1980/81 are estimated currently at 14.7 million tons, of which 13.7 million tons are expected to be wheat.

Although INDIA'S government-owned rice stocks remain relatively large, the carryover stock of government-owned wheat have declined each year since 1977 when stocks were at a peak of 11 million tons. As a result, several measures were instituted last season to moderate the drawdown. These included reductions in flour allocations to millers, discontinuation of food grain allocations to food-for-work projects and an attempt to moderate the amount of wheat being released through the public distribution system. Nevertheless, government wheat stocks declined on April 1 (the beginning of India's wheat marketing year) to an estimated 3 million tons, the lowest level in six years. In order to halt further declines and possibly begin replenishing stocks, the government has set an ambitious procurement target of 9.5 million tons from this year's wheat crop.

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Historically, about 97 percent of all government procurement has occurred between April 1 - June 30. Early purchases of wheat from the local markets have been necessary to achieve procurement targets. After a disappointing start in this year's procurements during April and early May, limits have been placed on wholesaler's and individual household's stocks and restrictions have been set on wheat movement out of the major surplus-producing states. By June 1, procurement reportedly had reached approximately 5.3 million tons--the same level as on June 1 a year ago. In 1980 total procurement reached only 5.8 million tons.

Despite these controls--which should help boost June procurement--the total for the current year will likely fall well below the targeted level. Thus, India may decide to import wheat in order to assure stocks for public distribution and to moderate the inflationary implications of an ongoing tight wheat situation. Should such a decision be made, it would be the first time in almost five years that India has imported appreciable quantities of wheat.

The third INDO/SOVIET FOODSTUFFS FOR OIL BARTER AGREEMENT was signed in May and calls for 500,000 tons of Indian rice, among other agricultural commodities, to be supplied during 1981/82 in exchange for Soviet oil and petroleum products. Under the previous agreement signed in June 1980, India also agreed to provide 500,000 tons of rice, including 125,000 tons of Basmati and 375,000 tons non-Basmati. To date, unpublished official estimates indicate that a total of 465,000 tons of the 1980 agreement have actually been shipped. The first Indo/Soviet agreement was signed in April 1979 and called for 200,000 tons of Indian rice in exchange for Soviet crude oil. Shipments were completed in March 1980.

OILSEEDS AND PRODUCTS

ECUADOR is encouraging expanded cultivation of African palm oil in the Oriente region (Amazon River Basin), where work on two projects is currently underway. The first project, a plantation, is now scheduled to include 3,600 hectares of trees and a processing plant which should be operational at the end of 1982. The second project calls for plantings of 600 hectares by late 1982 with plans to increase the area to 3,500 hectares by 1986.

At present, Ecuador is a net vegetable oil importing country and output from these two projects should help reduce the gap between total domestic vegetable oil demand and supply. Some exports of excess palm oil may be possible in later years. Ecuador is an important South American market for U.S. soybean oil, taking over 37,000 tons in 1980.

DAIRY, LIVESTOCK AND POULTRY

ITALY instituted on May 28 a 30-percent deposit requirement on foreign currency purchases to be used for imports of goods and services. The measure, which will expire Oct. 1, will apply to imports of all agricultural commodities except wheat. The net impact of the requirement will be to raise the price of imported products by slightly under 2 percent. The resulting

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increased cost of feed grains, other than wheat, comes at a time when the Italian livestock industry is relying primarily on imported grains since domestic supplies are exhausted. The meat industry can be expected to suffer, with imports of live animals for fattening declining during the next few months.

COTTON

The SOVIET UNION'S press reported during May that adverse weather, including heavy rains and low temperatures, hindered production prospects in the major cotton areas of Turkmenistan and Tadzhikistan. Information from the republics indicated that large cotton areas needed reseeding as a result of flooding. In addition, some areas have experienced later-than-normal plant emergence because of low temperatures. Although these conditions present obstacles to the 1981 cotton crop, such circumstances are not unusual. In the past five years, it has been necessary to reseed anywhere from 16 to 50 percent of the cotton area because of weather damage.

HORTICULTURAL AND TROPICAL PRODUCTS

In COLOMBIA, total production of green coffee from the 1980/81 marketing year (Oct.-Sept.) now is estimated at 14 million bags, up 11.1 percent from the most recent USDA estimate of 12.6 million bags. Output comes from a harvested area calculated at 1,074,723 hectares.

The unexpectedly large 1980/81 harvest can apparently be accounted for by an expansion in area and higher yields from culturally improved areas. Yields from high-yielding, sun-grown varieties, which now cover about 31 percent of the coffee area, are expected to average 1,860 kilograms per hectare, up 6.3 percent over last year. Yields from the traditional shadegrown varieties, which cover the remaining area, should average 433 kilograms, up 0.5 percent.

Coffee exports for the year are still projected to reach 10 million bags, although exports through the first seven and a half months were only about 5 million bags. Colombia apparently has not been able to increase sales to non-member markets above the levels recorded during the same period last year. Domestic consumption is unchanged at 1.8 million bags.

As a result of the large crop, coffee stocks are expected to jump to 5.7 million bags at the end of this year, the highest level ever recorded. This compares with 3.9 million bags on Sept. 30, 1980. Concern over the coffee situation is growing among all segments of the industry, especially in view of the prospect of another large crop in 1981/82.

In SPAIN, trade estimates for the 1981 almond crop currently vary from 75,000 to 82,000 tons, shelled basis. However, most sources indicate production will be near 80,000 tons. This level would be nearly 80 percent above the 1980 almond output and an all-time record.

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JAPAN has again decreased the import quota for canned pineapple. The quota set for the first half (April - September) of the 1981 Japanese fiscal year is 2,248 tons, compared with 14,298 tons for the same period of 1980 and 18,371 tons in 1979. This year's reduction is attributed to large carryover stocks held by the Okinawan industry and an expected increase this season in the Okinawa pack.

The INTER-AFRICAN COFFEE ORGANIZATION (IACO) conducted a four-day seminar in Douala, Cameroon, May 11-14, on the rationalization of African coffee production. Eighty delegates, representing both private and government sectors of the twenty-two member countries, attended the seminar to discuss the role of various international and national organizations in the production and commercialization of coffee. Talks covered such areas of concern as disease control, the pros and cons of government subsidies, diversification of coffee lands to food crops and the role of cooperatives. Also covered was the progress in the development of Arabusta coffee, which combines the flavor of Arabica coffees with the vigor of the Robustas.

The INTERNATIONAL COCOA ORGANIZATION, having failed to reach the required membership quotas (80 percent for exporters and 70 percent for importers), extended the May 31 deadline to Sept. 30 for countries to join the new International Cocoa Agreement (ICCA). By May 31, countries accounting for 72 percent of world exports and 45 percent of world imports had made provisional application for membership. The Ivory Coast, the world's largest producer, and the United States, the world's largest importer, have indicated that they will not join the ICCA.

JAPAN'S 1981/82 satsuma (unshu mikan) crop could be as high as 3.6 to 3.7 million tons--25 percent higher than the estimated 2.9 million tons harvested last season, according to reports from the U.S. agricultural counselor in Tokyo. The increase is due to 1981/82 being an "on year" for the alternate bearing satsuma. In an effort to avoid the price collapse this level of production would bring about, grower representatives have agreed to reduce output to 3 million tons through such measures as extensive fruit thinning.

NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

National Wheat and Corn Prices and Summary of National Grain Marketing Systems. FG 21-81

U.S. Seed Exports for the Marketing Year Through April and Comparisons with Previous Year, FFVS 6-81

Major Suppliers of Canned Deciduous Fruits Faced with Large Supplies and Low Demand in 1980/81, FCAN 1-81

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Malaysia Strives to Become a Major Cocoa Producer, FCB 2-81

INTERNATIONAL WEATHER AND CROP SUMMARY

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 9, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	200.00	5.44	-15
U.S. No. 2 DHW/HW: 13.5%.....	203.00	5.52	-06
U.S. No. 2 S.R.W.....	157.00	4.27	-08
U.S. No. 3 H.A.D.....	220.00	5.99	+03
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	156.00	3.96	-12
U.S. No. 2 Sorghum 2/.....	153.00	3.89	-15
Feed Barley 3/.....	155.25	3.38	-09
Soybeans:			
U.S. No. 2 Yellow.....	290.50	7.91	-30
Argentine 4/.....	285.45	7.77	-27
U.S. 44% Soybean Meal (M.T.)..	249.00	--	-9.00 5/
EC Import Levies			
Wheat 6/.....	90.15	2.45	-09
Barley.....	69.00	1.50	-06
Corn.....	63.70	1.62	-05
Sorghum.....	64.10	1.63	0

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis July delivery.

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